Government of Saskatchewan

Annual Report 1985-86

Saskatchewan Health Prescription Drug Plan

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To The Honourable Frederick W. Johnson,
Lieutenant Governor of Saskatchewan

May it please Your Honour:

In accordance with Section 8(3)(e) of The Prescription Drugs Act, I am pleased to present the Annual Report of the Prescription Drug Plan for the period of April 1, 1985 to March 31, 1986.

Respectfully submitted,

Graham Taylor

Graham Taylor,
Minister of Health

Graham Taylor,
Minister of Health

To The Honourable Graham Taylor,
Minister of Health

Sir:

I am pleased to present herewith the Annual Report of the Prescription Drug Plan for the fiscal year ending March 31, 1986.

Respectfully submitted,

W. Podiluk

Walter Podiluk,
Deputy Minister
of Health

Walter Podiluk,
Deputy Minister
of Health

George H. Loewen,
Associate Deputy
Minister of Health

R. J. (Ron) Waschuk,
Executive Director,
Prescription Drug Plan

Objectives of the Prescription Drug Plan

The Prescription Drug Plan was established to:

1. Reduce the direct cost of prescription drugs to Saskatchewan residents.
2. Provide coverage to Saskatchewan residents for quality pharmaceutical products of proven therapeutic effectiveness.
3. Reduce the cost of drug materials by encouraging effective price competition and quantity discounts.
4. Encourage the rational use of prescription drugs through research, consultation with professional associations, and educational programs directed at physicians, pharmacists and the general public.

History

1. The Prescription Drug Plan began providing benefits on September 1, 1975.
2. In addition to drugs listed in the formulary, certain drugs were granted "exception status" if specific criteria were met.
3. Since January, 1976, some nutritional products have been covered where specific criteria have been met.
4. As of April, 1981, the Prescription Drug Plan became the paying agent for the Medical Services Division (MSD) and Saskatchewan Aids to Independent Living (SAIL). Payment is made to pharmacies for non-formulary prescription drugs that are benefits of these two agencies.
5. Liquid oxygen became a benefit in November, 1983.

Background to the Prescription Drug Plan

The Prescription Drug Plan was designed in consultation with physicians, pharmacists and pharmaceutical wholesalers.

Some of the major design criteria of the Prescription Drug Plan were:

1. The consumer should pay a portion of the cost of each prescription.
2. A drug formulary system should be used. Only drugs proven to be therapeutically effective and made by competent manufacturers should be covered.
3. The existing wholesale and pharmacy retail distribution system should be used.

The enabling legislation for the Prescription Drug Plan, The Prescription Drugs Act, was assented to on May 10, 1974.

The Plan in Brief

All Saskatchewan residents who hold valid Saskatchewan Health Services cards, except those who have prescription costs paid by another government agency, are eligible for benefits under the Prescription Drug Plan.

Drugs covered by the Prescription Drug Plan must be prescribed by a licensed physician or dentist and be listed in the Saskatchewan Formulary.

The range of drugs listed in the formulary enables physicians to select appropriate courses of therapy for most patients. Drugs are under continual review, and additional drugs are added to the Saskatchewan Formulary if they meet the standards established by the Saskatchewan Formulary Committee.

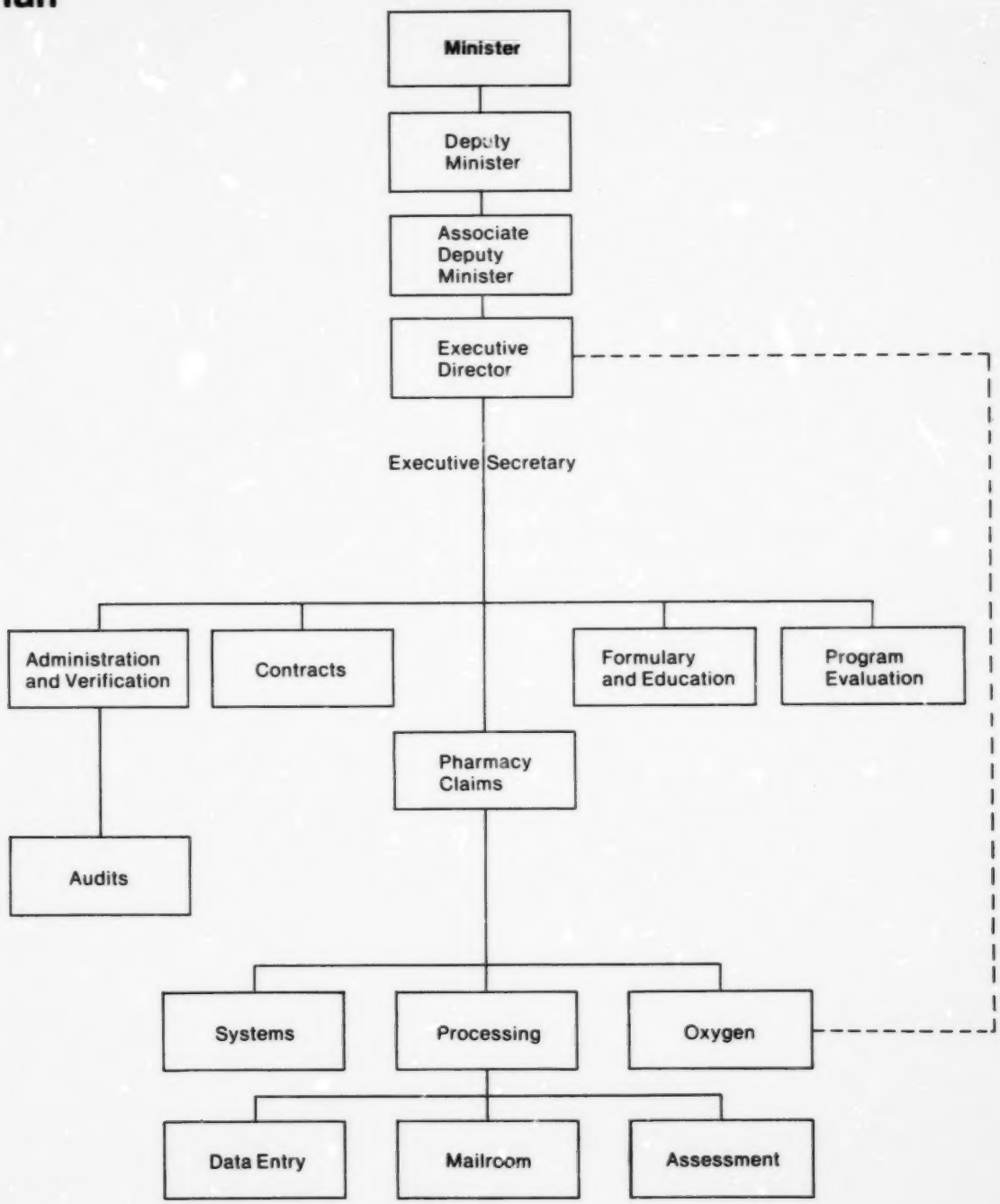
Consumers pay a maximum of $3.95 per prescription (as of January 2, 1984) for drugs covered by the Prescription Drug Plan.

The Prescription Drug Plan provides staff support services to the Saskatchewan Formulary Committee, the Drug Quality Assessment Committee, and the Joint Committee on Drug Utilization.

Highlights for 1985-86

- Ninety-five percent of Saskatchewan residents were eligible for coverage under the Prescription Drug Plan.
- Seventy-two percent of the eligible population received benefits.
- On average, 7.7 prescriptions were dispensed to each active beneficiary.
- On average, 13.1 prescriptions were dispensed to each active family.
- The Prescription Drug Plan made payments on behalf of 414,651 families at an average of $157.51 per family. This includes Inventory Cost Allowance of $3.24.
- Beneficiaries paid an average of only 23% of the total prescription costs.
- There was 5.4 million claims processed in the fiscal year.
- Net Prescription Drug Plan payments for formulary drugs increased from 54.9 million dollars in 1984/85 to 65.3 million dollars. These figures include inventory cost allowance.
- The Prescription Drug Plan provided benefits for oxygen, Exception Status drugs and nutritional products.
- Two editions of the Saskatchewan Formulary were published with 107 new products added, bringing the total number of drug products listed to 1,693. The July 1985 edition included an insert recognizing the 10th Anniversary of the Prescription Drug Plan.
- Four editions of the Saskatchewan Formulary Bulletin were released during the year. One of these presented the report of a Special Review Committee on Antihypertensives, one featured information about Exception Drug Status coverage and the others included information about new products added to the Formulary.
- There were over 1,665 prescribers of formulary drugs. Of these, 630 prescribed between 20 and 499 prescriptions paid by the Prescription Drug Plan and 132 prescribed more than 10,000 prescriptions each.
- In consultation with the Saskatchewan Pharmaceutical Association, it was agreed to maintain the dispensing fee for drugs at $5.30. To offset the high cost of carrying inventory in pharmacies, the inventory cost allowance increased from $0.1624 to $0.2604 on August 1, 1985, and to $0.3472 on December 1, 1985.
- During the year, 24 pharmacies transmitted over 674,000 claims via telecommunications.
- During the year, through the Prescription Drug Plan, the Department of Health provided funding for:
  a) the Roving Professorship Program which brought information on current drug therapy to physicians in smaller communities throughout the province.
  b) the Dial Access Drug Information Service, a province wide drug information service for health professionals.
- The Joint Committee on Drug Utilization released Report No. 11 — "Use of Thyroid Replacement Agents in Saskatchewan".
- The Prescription Drug Plan received over 300 requests for information from physicians, researchers and drug manufacturers.
- Information from the data base has been used to fulfill research requests from a variety of sources.
- Of all the prescriptions where a choice of brand is available, it appears that only 64% are filled with the most economical alternative.
- In conjunction with Communications and Health Education Branch, a pamphlet providing information for consumers about vitamins and minerals was published.

Organization of the Saskatchewan Prescription Drug Plan



Administrative Organization

Executive Administration

The Executive Administration is responsible for the management of the Prescription Drug Plan. The Executive Director serves as the principal contact on matters of policy and procedures with representatives of pharmacy, medicine, drug wholesalers and drug manufacturers.

Administration Division

The Administration Division is responsible for developing and implementing the administrative policies and procedures of the Prescription Drug Plan.

The division's functions include: budget preparation and monitoring; space, property and supply management; audit and verification; processing of revenue accounts and expenditures (excluding computerized pharmacy claims); ensuring pharmacies receive payment; processing of manual claims payment; preparation of reports, materials and financial data for the year end statements; other administrative functions.

The division provides support services to other Prescription Drug Plan divisions including: personnel management; team typing; productivity co-ordination.

The Audit and Verification Section conducts post-audits of pharmacy claims and randomly selects claims for verification by the beneficiary. This ensures compliance with the Pharmacy Contract.

Contracts Division

The prime function of the Contracts Division is to ensure that pharmacies have available to them a continuous supply of quality drugs at reasonable prices.

The functions of this Division include: obtaining guaranteed prices from manufacturers for all products listed in the formulary; issuing tenders for high volume drugs; ensuring wholesalers have an adequate supply of drugs so that pharmacies are able to purchase quantities needed; maintaining liaison with manufacturers to ensure prices charged in Saskatchewan are in line with those of the rest of the country; updating prices for Medical Services Division and Saskatchewan Aids to Independent Living claims for acceptance into the regular claims system.

Pharmacy Claims Division

The objectives of the Pharmacy Claims Division are to: provide accurate and prompt payment; maintain efficiency and cost-effective operation and processing; maintain credibility with the pharmacist.

The Pharmacy Claims Division is responsible for the processing and payment of accounts submitted by participating pharmacies and dispensing doctors. The computer services necessary for the processing of claims are co-ordinated by this division and supplied by the Systems Division, Saskatchewan Supply and Services, the Saskatchewan Computer Utility Corporation and the Saskatchewan Hospital Services Plan.

The processing and payment of pharmacy claims involve the combined efforts of several sections in the Pharmacy Claims Division. The Systems Section provides analysis and detail design for changes to manual and computer processing of claims. This section also has responsibility for systems control measures and implementation and testing of system and computer program changes.

The Processing Section is made up of three units. The Mail Room Unit receives and screens incoming claims. The Data Entry Unit transfers the information from these claims to magnetic tape to enable computer processing of accounts. The routine assessment and approval of accounts for payment are performed by computer. Each claim is checked against stored information to determine whether it can be approved for payment. Claims which are not approved for payment are rejected for manual review. Those which require clarification or interpretation are sent to the Assessment Unit.

The Pharmacy Claims Division is responsible for communication with pharmacies regarding Prescription Drug Plan operations. The division issues periodic bulletins to pharmacies and maintains the Pharmacy Manual. These items provide pharmacies with current statements of Prescription Drug Plan policy and information on submission and processing of claims.

The number of prescriptions processed per employee in the Claims Division has increased from 99,813 in the 1980-81 fiscal year to 163,785 claims in the current fiscal year.

Formulary and Education Division

The objectives of the Formulary and Education Division are to: provide assurance of quality and therapeutic effectiveness of all drugs covered by the program; provide assurance of interchangeability; develop educational programs for consumers, physicians and pharmacists aimed at encouraging the rational use of prescription drugs.

The functions of the Division include: providing staff support services to the Drug Quality Assessment Committee and the Saskatchewan Formulary Committee in the review of products under consideration for listing in the Formulary; implementing recommendations of the Saskatchewan Formulary Committee regarding listing (or de-listing) of products and designation of interchangeable status; publishing the Saskatchewan Formulary; maintaining surveillance of drug quality; encouraging rational use of drugs by developing and supporting educational programs and services for consumers, physicians and

pharmacists; reviewing requests from physicians and authorizing special categories of drug coverage (for example, Exception Drug Status, Saskatchewan Assistance Plan, Plan Two coverage) when appropriate.

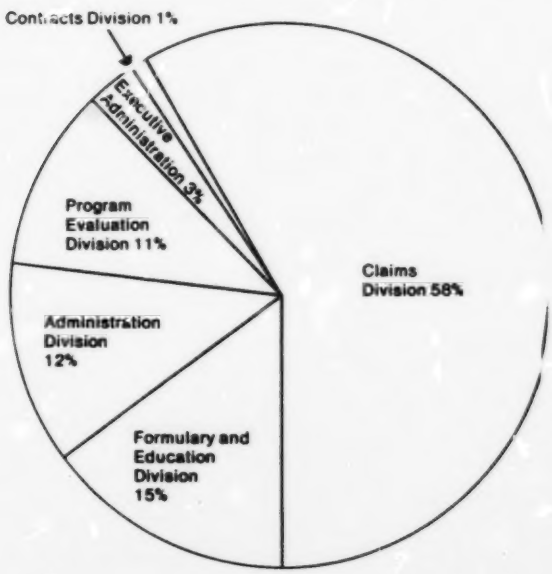
Program Evaluation Division

The Program Evaluation Division functions to provide evaluative and research services.

The responsibilities of this division include: specification and production of statistical information; preparation of the Annual Report; management support services through the provision of information and assistance in the development of policies and procedures to improve the operation of the Prescription Drug Plan; maintenance of the data base; use of the data base to evaluate the function of the Prescription Drug Plan, to conduct in-house research, to conduct research for the Joint Committee on Drug Utilization, to answer inquiries from other Prescription Drug Plan divisions and from outside the Prescription Drug Plan; representation on the Department of Health's Cross Agency Study Committee; provision of staff support services to the Saskatchewan Formulary Committee and the Joint Committee on Drug Utilization.

Administrative Disbursements

Figure 1. Administrative Disbursements



The total administrative costs for the fiscal year are separated by division in the figure above. The percent allocated to each division is indicated. The figure illustrates that 15% of these disbursements (less than 1% of total program costs) are used to administer the program. For ease of discussion the divisions and their general functions appear to be distinct, however, the overall efficiency of the Prescription Drug Plan depends on interdependence of all the divisions.

Benefits of the Prescription Drug Plan

With the exception of insulin and urine testing agents, a prescription from a physician or dentist is required for all drugs covered by the Prescription Drug Plan.

Benefits of the Prescription Drug Plan include all products listed in the Saskatchewan Formulary, certain products eligible for Exception Drug Status coverage, medical oxygen, and some nutritional products.

Formulary Drugs

All drugs listed in the Saskatchewan Formulary are benefits under the Prescription Drug Plan.

Exception Drug Status

Drugs not listed in the Saskatchewan Formulary may be covered by the Prescription Drug Plan as "exception drugs" if one of the following criteria is met:

1. The drug is ordinarily administered only to hospital in-patients and is being administered to non-hospitalized patients because of unusual circumstances;
2. The drug is not ordinarily prescribed or administered in Saskatchewan, but is being prescribed because it is required in the diagnosis or treatment of a patient having an illness, disability, or condition rarely found in this province;
3. The drug is infrequently used because formulary preparations are usually effective, but are contraindicated or found to be ineffective because of the clinical condition of the patient;
4. The drug is a therapeutically effective over-the-counter (OTC) product normally available without prescription at reasonable cost, but is required in large quantities or for extended periods of time;
5. The drug has been deleted from the Formulary but is required by patients who were previously stabilized on the drug;

Requests for Exception Drug Status must be made by a physician or dentist. Requests may be mailed or telephoned. A 24 hour toll-free line is provided by the Prescription Drug Plan.

Patients approved for Exception Drug Status coverage are provided with an authorization card to be presented when obtaining the drug.

The patient is responsible for the normal prescription charge. The pharmacist bills the Prescription Drug Plan in the same manner as for formulary drugs.

Nutritional Products

The Prescription Drug Plan provides assistance with the cost of certain nutritional products when certain

disease states prevent the use of normal foods. Requests for coverage must be made by a physician and supported by a dietician's report.

If coverage is approved, a patient will be reimbursed 70% of the cost of the product or products approved.

A one-time deductible of $100.00 or an annual deductible of $1,000.00 is applied, depending on the condition being treated.

Medical Oxygen

Medical gaseous oxygen is a benefit under the Prescription Drug Plan for eligible Saskatchewan beneficiaries if prescribed by their physician. Coverage for liquid oxygen is limited to nominations from pulmonary specialists or internists specializing in respiratory diseases.

The Prescription Drug Plan pays for the cost of the oxygen plus transportation costs to the local depot. The patient pays the cost of cylinder rental and local delivery. Saskatchewan Assistance Plan recipients receive 100% assistance for cylinder rental and local delivery.

Out-of-province benefits are limited to any ninety days within a calendar year for residents who have a pre-existing medical condition for which oxygen has been prescribed and for which they are undergoing therapy prior to departure.

Products for Diabetics

Persons with diabetes may obtain insulin, urine testing agents, blood glucose testing agents and oral hypoglycemics as benefits under the Prescription Drug Plan, if those products are listed in the Saskatchewan Formulary.

In order to receive coverage, diabetics require a physician's prescription for blood glucose testing agents and hypoglycemics, but not for insulin and urine testing agents.

Diabetics are entitled to receive up to a 100-day supply of oral hypoglycemics or up to a 34-day supply of blood glucose testing agents for one prescription charge. A reduced prescription charge to a maximum of $1.00 is applied to each package of insulin or urine testing agent.

Over-The-Counter-Products

With few exceptions, over-the-counter (OTC) products are not benefits under the Prescription Drug Plan.

The Saskatchewan Formulary

The Prescription Drug Plan prepares and maintains the Saskatchewan Formulary. The Formulary serves as the list of products covered by the Prescription Drug Plan and as the Interchangeable Drug Index (IDI). Only those products meeting established criteria for high quality and therapeutic effectiveness are accepted for listing.

Drugs listed in the Formulary are under continual review and additions and deletions are made when necessary. A revised edition of the Formulary is published on January 1 and July 1 of each year. The Saskatchewan Formulary Committee is a major resource in the preparation of the Formulary.

The drug material cost of products appearing in the Formulary is listed in accordance with a Standing Offer Contract (SOC) or a quoted Maximum Allowable Cost (MAC), and include the distributors' margin.

Saskatchewan Formulary Committee

The Saskatchewan Formulary Committee is appointed by the Minister of Health to provide advice in the compiling and maintaining of the Saskatchewan Formulary.

The Committee also identifies what products are "interchangeable". Interchangeable products are different brands of the same drug with the same strength and equivalent dosage form. They are equivalent in therapeutic effectiveness and quality.

Part of the Committee's ongoing work is to review new drug products and to re-evaluate listed products in light of new information on their use and effects.

Members of the Saskatchewan Formulary Committee as of March 31, 1986 are:

Mrs. E. MacPhail — Chairperson
Dr. A.J. Remillard — College of Pharmacy
Dr. G.E. Johnson — College of Medicine
Mr. N. Shevchuk — Saskatchewan Pharmaceutical Association
Dr. M. Davies — Saskatchewan Medical Association
Dr. D.R. Amies — Saskatchewan Medical Association
Mr. M. Wolfe — Saskatchewan Health-Care Association
Mrs. E. Bayda — Saskatchewan Registered Nurses' Association
Dr. R. West — Saskatchewan Health

Drug Quality Assessment Committee

The Drug Quality Assessment Committee is appointed by the Minister of Health to advise and assist the Saskatchewan Formulary Committee. The members of this committee are knowledgeable in the clinical use of drugs, pharmacology, and drug manufacturing.

The Committee reviews drug products based on information and reports obtained from manufacturers and independent consultants, manufacturing documents and published literature. Representatives of the Committee also visit manufacturing facilities to assess drug production methods and capabilities. Recommendations regarding the clinical effectiveness and quality of products reviewed are submitted to the Saskatchewan Formulary Committee.

From time to time, the Committee provides the nucleus for a Special Review Committee to deal with specific groups of drugs. During the year ended March 31, 1986, a review of products used in the treatment of ophthalmic and otic conditions was initiated. For this review, an ophthalmologist, an otolaryngologist, and a family practitioner were added to this committee.

Members of the Drug Quality Assessment Committee as of March 31, 1986 are:

Dr. T.W. Wilson	Acting Chairperson
Dr. A.J. Remillard	College of Pharmacy
Dr. D. Zuck	College of Pharmacy
Dr. R. Herman	College of Medicine
Dr. I. Holmes	College of Medicine
Dr. G.E. Johnson	College of Medicine
Dr. A.E. Somerville	Saskatchewan Medical Association
Mrs. E. MacPhail	Ex Officio Member

Joint Committee on Drug Utilization

The Joint Committee on Drug Utilization is appointed by the Minister of Health to consider quality of care issues as they pertain to drug use. The Committee's terms of reference are as follows:

1. To identify areas of concern related to drug utilization.
2. To carry out study and analysis related to the concerns identified.
3. To recommend appropriate methods of dealing with concerns related to drug utilization and its impact on the quality of care.
4. To provide information that can be used in educational programs for the public and the health professions.

The Committee may make recommendations to the Minister of Health or to the professional and regulatory bodies represented on the Committee.

One of the Committee's ongoing activities is to assist physicians and pharmacists in monitoring the use of mood-modifying drugs in Saskatchewan. Under this program, a patient's medication profile is released to attending physicians and to the primary pharmacy where that patient's drug use exceeds usually recommended dosages.

The Prescription Drug Plan provides resources and staff support to the Committee.

Members of the Joint Committee on Drug Utilization as of March 31, 1986 are:

Dr. J. Blackburn	Chairperson College of Pharmacy
Dr. W. L. Albritton	College of Medicine
Dr. T. A. Wigmore	College of Physicians and Surgeons
Dr.J.D. Coucill	Saskatchewan Medical Association
Mr. G. Groves	Saskatchewan Pharmaceutical Association
Ms. H. Durdin	Saskatchewan Registered Nurses' Association
Mr. R.J. Waschuk	Prescription Drug Plan

Eligibility for Coverage

Saskatchewan residents registered with the Saskatchewan Hospital Services Plan are eligible for benefits under the Prescription Drug Plan unless their drug costs are the responsibility of another government or non-government agency.

Exclusions from Coverage

The following categories of persons are not eligible for Prescription Drug Plan coverage:

1. Registered Indians (federal government responsibility)
2. Department of Veterans Affairs beneficiaries
3. Royal Canadian Mounted Police (dependents are covered by the Prescription Drug Plan)
4. Canadian Forces Personnel (dependents are covered by the Prescription Drug Plan)

Cost to Consumer

The consumer pays a maximum of $3.95 per prescription (as of January 2, 1984) for most drugs covered by the Prescription Drug Plan and a maximum of $1.00 per package for insulin and urine testing agents. The balance of the prescription cost is paid by the Prescription Drug Plan. The prescription charge is determined by the Minister of Health.

Saskatchewan Assistance Plan Beneficiaries

Residents receiving benefits through the Saskatchewan Assistance Plan are entitled to Prescription Drug Plan benefits at a reduced prescription charge, or may receive certain drugs at no charge depending on their level of coverage.

a. **Plan One Coverage**

Plan One beneficiaries 18 years or older are entitled to receive insulin, oral hypoglycemics, injectable vitamin B_{12}, allergenic extracts, oral contraceptives and products used in megavitamin therapy at no charge. These beneficiaries pay a reduced prescription charge, to a maximum of $2.00, for all other formulary drugs and Exception Drug Status products.

Beneficiaries under 18 are entitled to receive all formulary drugs, allergenic extracts, megavitamins and approved Exception Drug Status products at no charge.

b. **Plan Two Coverage**

Beneficiaries receiving Plan Two coverage are entitled to receive all formulary drugs, allergenic extracts, megavitamins and approved Exception Drug Status products at no charge.

Plan Two coverage is provided to assist persons who require several drugs on a regular long-term basis. Eligibility for Plan Two coverage is determined on the basis of a physician's review of medication requirements.

c. **Plan Three Coverage**

Plan Three beneficiaries are entitled to receive all formulary drugs and certain non-formulary drugs at no charge. Non-formulary drugs are covered by the Medical Services Division (MSD). MSD also covers the cost of megavitamins and allergenic extracts for Plan One and Plan Two beneficiaries.

Plan Three beneficiaries are Saskatchewan Assistance Plan recipients who live in special-care homes licensed under The Housing and Special-Care Homes Act, Approved Homes licensed under The Mental Health Act, and wards of the government.

SAIL Beneficiaries

Saskatchewan Aids to Independent Living (SAIL) pays for all non-formulary disease-related drugs used by Special Beneficiaries. Special Beneficiaries include paraplegics, persons with cystic fibrosis or persons with chronic renal disease.

Special Beneficiaries are entitled to receive all formulary drugs and prescribed, disease-related non-formulary drugs at no charge.

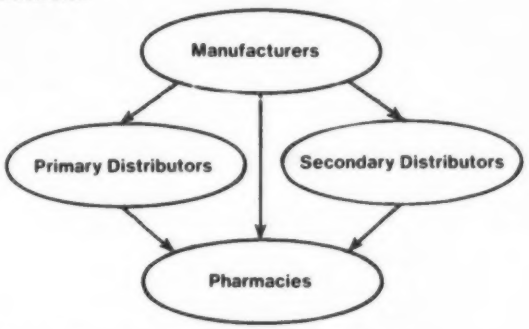
Paying Agency

The Prescription Drug Plan functions as a paying agency for MSD and SAIL for those additional benefits provided to Saskatchewan Assistance Plan beneficiaries and to Special Beneficiaries, respectively.

The appropriate costs are subsequently recovered from MSD and SAIL by the Prescription Drug Plan.

Acquisition and Distribution Network

A continual supply of quality drugs at competitive prices is ensured using the following distribution network:



Distributors purchase drug products from manufacturers and distribute them to pharmacies. Some pharmacies may also purchase directly from the manufacturer.

As of March 31, 1986, there were four (4) distributors serving the province.

Pricing Formulary Products

In order to ensure price stability for the formulary period, the Prescription Drug Plan requires drug manufacturers to provide guaranteed maximum prices for the effective formulary period. The formulary periods are from January 1 to June 30 and July 1 to December 31 of each year. The prices constitute the maximum the Prescription Drug Plan will pay for those products during the specific formulary period.

Some formulary products are grouped in interchangeable categories. The maximum the Prescription Drug Plan will pay for a product within an interchangeable group is determined by one of two methods:

1. **Standing Offer Contract (S.O.C.)**

An S.O.C. is a contract between a manufacturer and the Prescription Drug Plan to supply specific drug products to approved distributors at a contracted price.

The S.O.C. contract may not always go to the lowest bidder or to a single supplier. Other factors, including an allowance to the previous contract holder, ability to meet supply and distribution commitments, and innovator allowance are taken into account.

Once an S.O.C. has been granted, the Prescription Drug Plan will only pay for the S.O.C. drug in an interchangeable category unless the prescriber has specified "no-substitution".

2. **Maximum Allowable Cost (MAC)**

The Prescription Drug Plan will reimburse the pharmacy for its acquisition cost, up to the lowest guaranteed price, for drugs listed in an interchangeable category in the Saskatchewan Formulary, unless a more expensive brand was specified by "no-substitution".

Using the following example and assuming substitution, the M.A.C. would be 1.8¢:

Brand 1	$0.0180
Brand 2	0.0190
Brand 3	0.0235
Brand 4	0.0235
Brand 5	0.0252
Brand 6	0.0410

Participating Pharmacies

All pharmacies participating in the Prescription Drug Plan must sign the Agreement negotiated between Saskatchewan Health and the Saskatchewan Pharmaceutical Association (S.Ph.A.). Pharmacies in Alberta and Manitoba with an established Saskatchewan clientele are also eligible to participate. Saskatchewan physicians in remote communities without pharmacy services may participate by signing the Agreement and obtaining licensure with Saskatchewan Pharmaceutical Association.

At March 31, 1986, there were 376 pharmacies operating within the Prescription Drug Plan. This figure includes 325 retail outlets in the province, 34 in Alberta and Manitoba and 17 dispensing doctors within the province.

Pharmacy Reimbursements

According to the current agreement between Saskatchewan Health and the Saskatchewan Pharmaceutical Association, the pharmacy receives its acquisition cost of drug material, an inventory cost allowance, plus a dispensing fee for each prescription. The dispensing fee varies depending on the volume of prescriptions dispensed by the pharmacy. Effective December 1, 1984, the dispensing fee was $5.30 for the first 21,000 prescriptions and $4.80 for each subsequent prescription.

Consumers pay a maximum of $3.95 as their portion of the dispensing fee. The Prescription Drug Plan pays the pharmacy the balance of the dispensing fee, the pharmacy's acquisition cost of the drug material, and the inventory cost allowance. The inventory cost allowance is calculated on a per paid claim basis. On December 1, 1984, the inventory cost allowance was $0.1624 per paid claim. On August 1, 1985, it was increased to $0.2604 and on December 1, 1985 to $0.3472.

For insulin and urine testing agents, the Prescription Drug Plan pays the pharmacy the cost of the drug material, plus a percentage markup (33 1/3% for insulin, 50% for urine testing agents), less a maximum consumer charge of $1.00 for these products.

Between April 1, 1985 and March 31, 1986, the Prescription Drug Plan paid pharmacies a total of $65.3 million for formulary drugs.

Prescription Quantities

The Prescription Drug Plan does not limit the quantities of drugs a physician may prescribe. Physicians determine the course and duration of treatment for their patients.

The Prescription Drug Plan, however, shall not pay for more than a six-month supply of drugs at one time.

The quantity dispensed for one dispensing fee and one prescription charge is determined by the terms of the Agreement in force when the prescription was dispensed.

Product Interchangeability

The Saskatchewan Formulary Committee has identified approximately 300 interchangeable drug groups. Interchangeable products are different brands of the same drug with the same strength and dosage form, and equivalent in therapeutic effectiveness and quality. Their prices, however, can vary widely.

When a prescription is filled for a drug in an interchangeable category, payment is based on the lowest-priced product in that category. For example, assume that an interchangeable group contains the following brands at the unit prices shown:

Brand 1	$0.0180
Brand 2	0.0190
Brand 3	0.0235
Brand 4	0.0235
Brand 5	0.0252
Brand 6	0.0410

If the physician prescribes any brand in this category, the pharmacist will be reimbursed for the drug dispensed to a maximum of 1.8¢ per unit. If, however, Brand 1 has a Standing Offer Contract, the Prescription Drug Plan will not reimburse the pharmacy unless that brand was dispensed.

If the prescriber indicates "no-substitution", the Prescription Drug Plan will pay for the brand specified. If, for example, the prescription was written for Brand 6, "no substitution", the pharmacist would dispense Brand 6 and be reimbursed at a rate of up to 4.1¢ per unit.

Claims Processing

The Prescription Drug Plan provides each pharmacy with specially designed claim forms for the purpose of submitting accounts (claims). Pharmacies with computers have the option of submitting claims through direct telecommunication linkage.

All claims are checked to ensure completeness. Claims information is then transferred to magnetic tape in preparation for issuing payments.

Before an account can be approved for payment, each claim is computer checked against the stored information.

In the fiscal year ending March 31, 1986, 5.4 million claims were paid for formulary drugs.

Data Base Information

The Prescription Drug Plan has established policies and guidelines governing access to and use of data base information.

All requests for data base information must be in writing and addressed to the Executive Director of the Prescription Drug Plan.

Statistical Synopsis

Prescription Drug Plan Beneficiaries

On a family unit basis, 414,651 of 495,997 eligible families (83.6%) received prescriptions (Table II). Each active family unit received an average of 13.1 prescriptions; the average Prescription Drug Plan payment on behalf of each family was $157.51. This includes inventory cost allowance of $3.24.

The covered population of the Prescription Drug Plan as of June 30, 1985 was 989,791. The number of individuals receiving Prescription Drug Plan benefits in the fiscal year was 709,944, or 71.7% of the covered population (Table III). On average, each active beneficiary received 7.7 prescriptions for formulary drugs paid for by the Prescription Drug Plan during the twelve month period, compared to 7.4 prescriptions the previous year.

Prescription Drug Plan beneficiaries were divided into three general categories for statistical purposes: Standard Beneficiaries, Saskatchewan Assistance Plan Recipients and Special Beneficiaries (Table IV). Standard Beneficiaries received 90.8% of prescriptions and were responsible for 89.5% of the total Prescription Drug Plan payment. Saskatchewan Assistance Plan beneficiaries received 8.8% of all prescriptions and accounted for 9.8% of total expenditures. Special Beneficiaries received 0.4% of all prescriptions and accounted for 0.7% of total expenditures.

Figure 2 presents, by age group, the distribution of Prescription Drug Plan beneficiaries as compared to the eligible population and the percentage of total prescriptions dispensed to each age group. This figure shows that prescription drug utilization increased with age. The highest percent of prescriptions was in the 55 years and older group, particularly those 65 to 75 years. The 65+ age group accounted for 12.7% of the eligible population, represented 15.3% of Prescription Drug Plan active beneficiaries, and received 35.3% of all prescriptions.

Figure 3 presents the percentage of total Prescription Drug Plan prescriptions dispensed to males and females by age group. Females received an average of 6.7 prescriptions per eligible female beneficiary in the fiscal year compared to 4.3 prescriptions per eligible male beneficiary. When sex-specific drugs such as oral contraceptives were excluded, females received an average of six prescriptions per eligible beneficiary.

In this fiscal year, 54.9% of the active beneficiaries were female and made up 49.8% of the covered population. Females accounted for 60.4% of all prescriptions (including sex-specific drugs), averaging 8.4 prescriptions per active beneficiary compared to 6.7 prescriptions for active male beneficiaries. For all age groups beyond age 14, females received more prescriptions per active beneficiary.

Figure 2: Active Beneficiaries and Prescriptions Dispensed by Age Groups

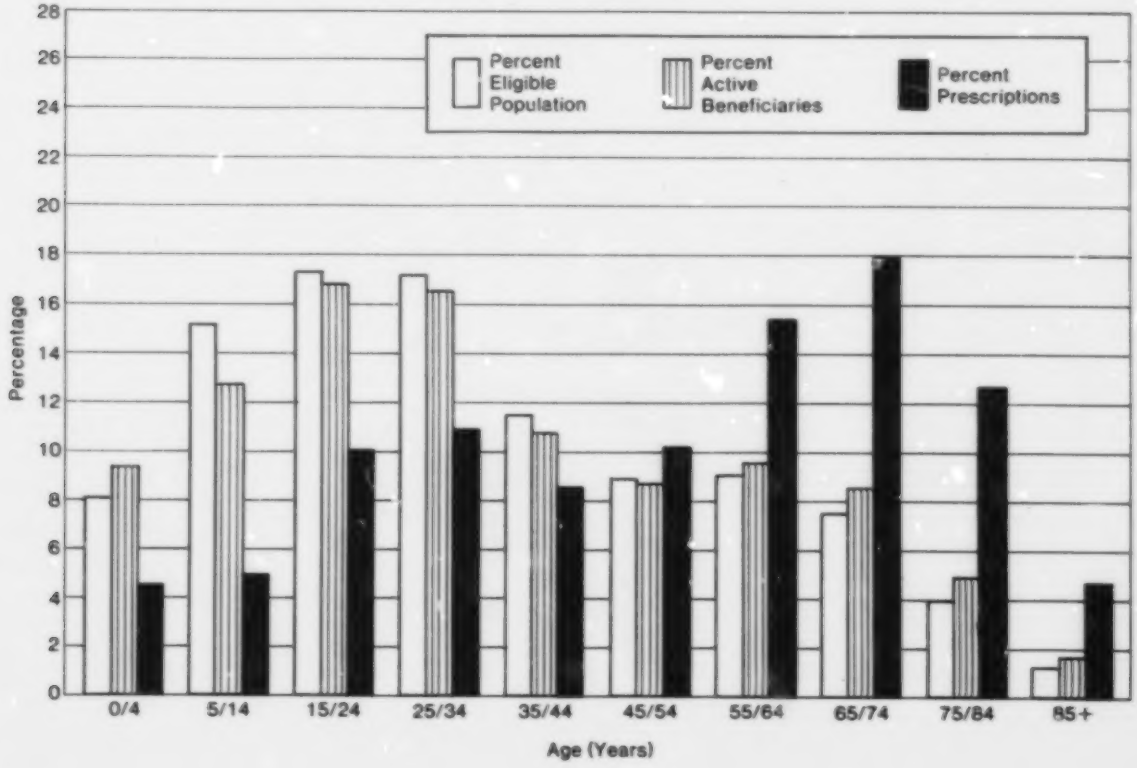
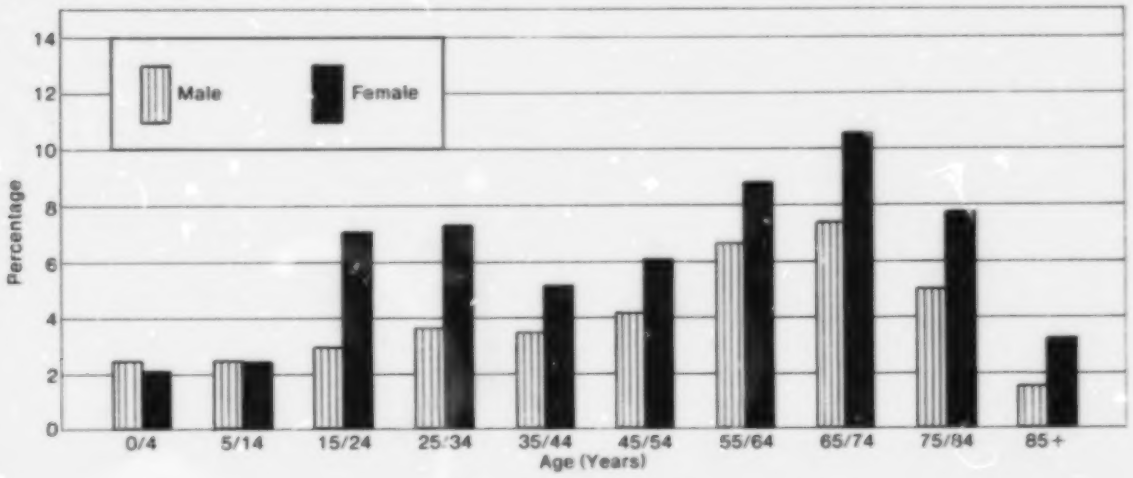


Figure 3: Percentage Total Prescriptions by Sex and Age Group



Drugs

During 1985-86, the Prescription Drug Plan provided coverage for 5.45 million prescriptions compared to 5.08 million prescriptions during 1984-85. This represents a 7.1% increase in prescription volume.

Table V shows prescription volume and Prescription Drug Plan expenditures by Pharmacologic-Therapeutic Classification. Four categories, Central Nervous System (CNS) Drugs, Anti-Infectives, Cardiovascular Drugs, and Hormones and Substitutes, accounted for 72.4% of all prescriptions and 70% of all Prescription Drug Plan payment.

Figure 4 shows proportional prescription volume by Pharmacologic-Therapeutic Classification for the last four fiscal years. The proportional prescription volume for CNS Drugs has declined steadily over this time period, while the proportional prescription volume for Hormones and Substitutes and Skin and Mucous Membrane preparations have remained relatively stable. Although the use of Anti-Infective

Figure 4: Prescription Volume by Pharmacologic-Therapeutic Classification

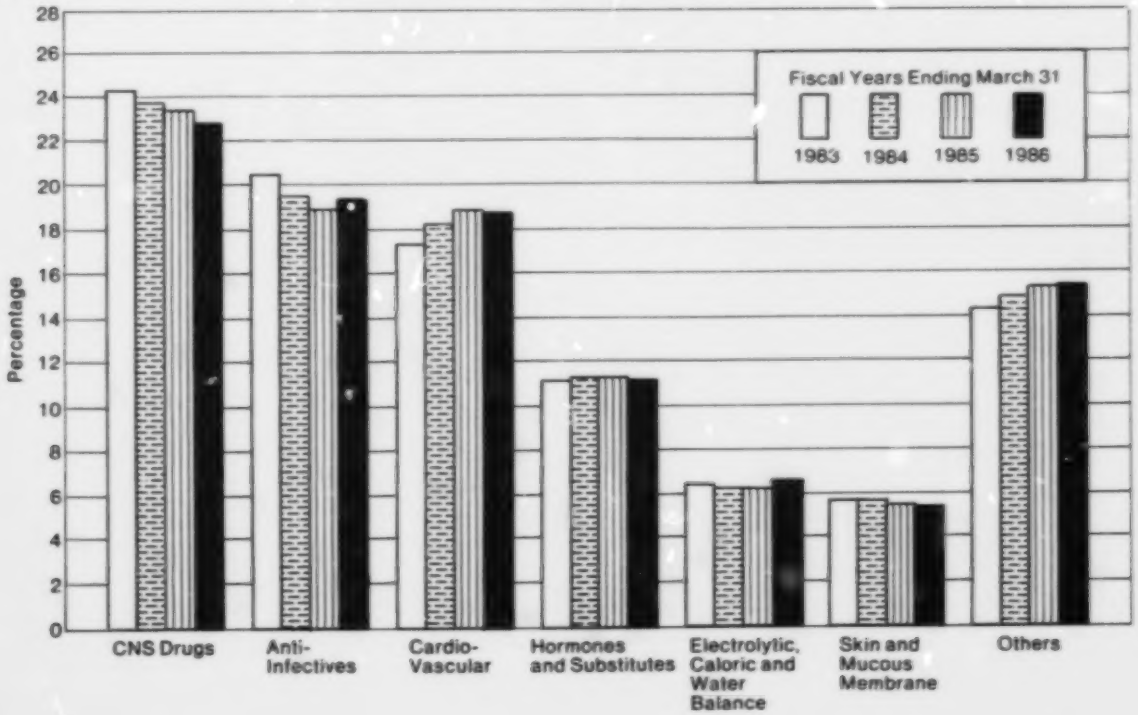
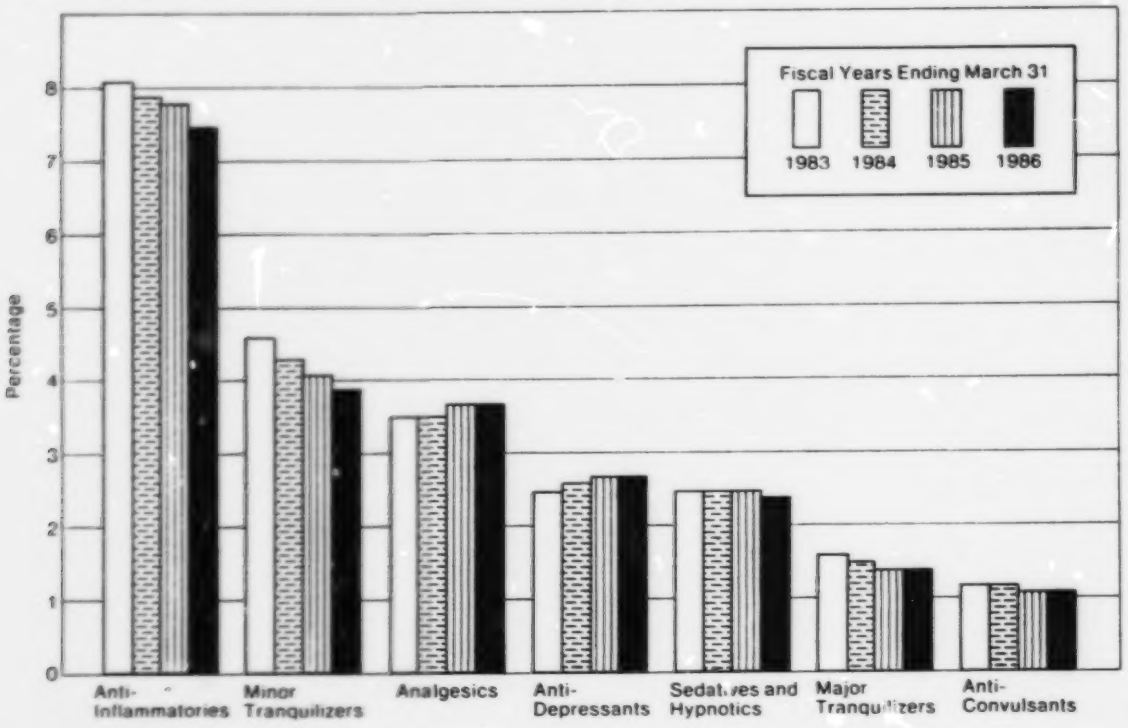


Figure 5: Comparative Prescription Volume: Central Nervous System Drugs



Drugs and Electrolytic, Caloric and Water Balance Drugs declined in the fiscal years of 1982-83, 1983-84, and 1984-85, each classification increased by 0.4% in the 1985-86 fiscal year period. The use of Cardiovascular drugs increased steadily until this fiscal year period when the use declined by 0.1%.

Figure 5 presents a subdivision of CNS drugs showing proportional prescription volume within the category. Anti-inflammatories were the most widely prescribed drugs over the past few years, they accounted for 7.5% of all prescriptions in 1985-86 compared to 8.1% in 1982-83. The use of Minor Tranquilizers declined in each of the last four years. These drugs accounted for 4.6% of all prescriptions in 1982-83 compared to 3.9% in 1985-86. Although the proportional use of Analgesics and Antidepressants increased in 1984-85 over the previous fiscal years, no increase was recorded in the fiscal year of 1985-86. The use of Sedatives and Hypnotics, Major Tranquilizers and Anticonvulsants remained stable.

Prescription Drug Plan expenditures for the medical oxygen program totalled $1,105,027. There were 1,566 beneficiaries nominated for coverage; the Prescription Drug Plan made payments on behalf of 1,217 beneficiaries (Table XI and XII).

The Statistical Synopsis does not include approximately 28,330 Exception Drug Status prescriptions covered by the Prescription Drug Plan during 1985-86. Over 7,180 beneficiaries received Exception Drug Status prescriptions during the fiscal year. Total Prescription Drug Plan payment for these prescriptions was $1,667,263. The tables of the Statistical Synopsis do not include 73,434 prescriptions processed on behalf of Medical Services Division and Saskatchewan Aids to Independent Living.

Prescribers

Table VI shows a frequency distribution of prescribers by the number of prescriptions paid by the Prescription Drug Plan during the fiscal year. The table excludes prescribers with fewer than 20 formulary prescriptions during 1985-86. Both new and repeat prescriptions are included in the table. Of the 1,665 prescribers included in Table VI, 630 prescribed between 20 and 499 prescriptions paid by the Prescription Drug Plan and 132 prescribed 10,000 or more prescriptions.

Pharmacies

A total of 398 pharmacy outlets received payment from the Prescription Drug Plan in the fiscal year. Of these, 71.1% were independent pharmacies and 16.6% were chain outlets (Table IX). The prescription volume in independent pharmacies was 65.3% in 1985-86 while the volume in chain stores was 25.4%.

Figure 6: Prescription Drug Plan Payment Distribution

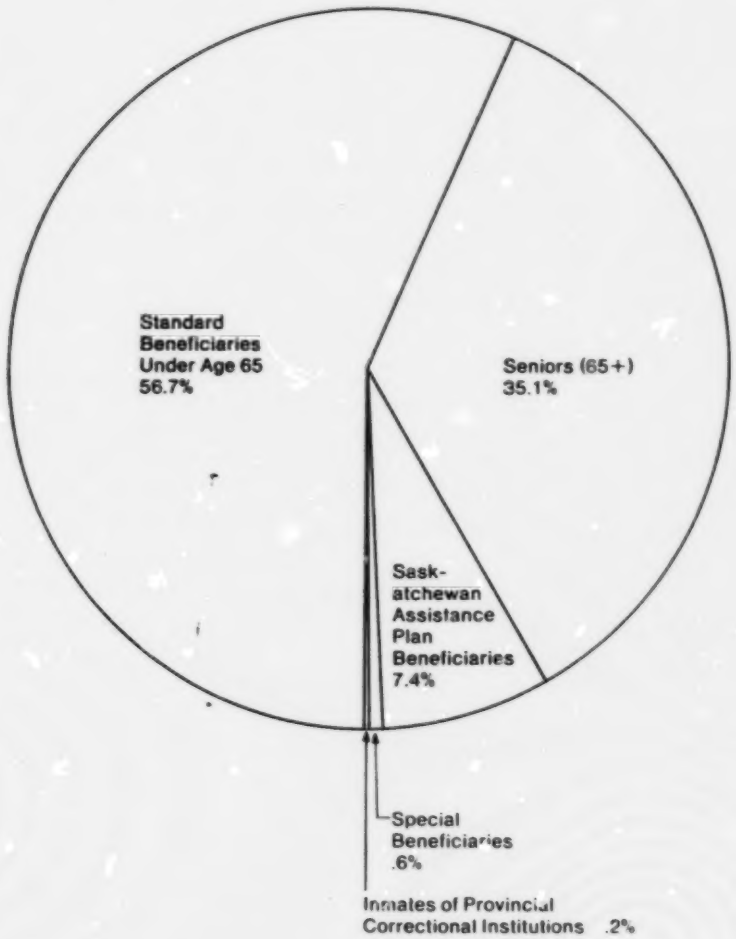


Figure 6 shows the current distribution of payments made by the Prescription Drug Plan. Of the total, 56.7% reflects payments made on behalf of Standard Beneficiaries under age 65. The balance, $27,722,037, covers benefits to seniors and to those whose entire health care costs have historically been paid by Saskatchewan Health.

Table I
Prescription Drug Plan Payments to Pharmacies

Statistical Tables[1]	
Prescription Drug Plan Payments	
Drug Material Cost	$55,516,453
Dispensing Fee Subsidy	8,453,049
Prescription Drug Plan Payment[5]	$63,969,502
Manual Adjustments[2]	(653,187)
Net Payment to Pharmacies	$63,316,315
Financial Statements	
Reimbursements to Pharmacies	
Drug Material Cost[3]	$54,960,223
Dispensing Fee Subsidies[4]	8,356,092
Net Payment to Pharmacies	$63,316,315

[1] Statistical Table I refers to formulary drugs only. Statistical Tables II to XIII do not reflect manual adjustments or exception drugs status expenditures.

[2] Manual adjustments include year-end adjustments made in accordance with accounting policies and other adjustments. See Notes to the Financial Statements page 28.

[3] See Statement of Revenue, Expenditure and Fund Balance page 27.

[4] Refers to dispensing fee subsidies paid by the Prescription Drug Plan. See Statement of Revenue, Expenditure and Fund Balance page 27.

[5] Excludes Inventory Cost Allowance of $1,341,398 paid to pharmacies to cover the high cost of carrying inventory.

Table II
Prescription Costs to Families

Cost to Family (Consumer Cost)[1]	Number of Eligible Families[2]	Number of Prescriptions	Drug Material Cost	Drug Plan Payment[3]	Total Family Payments (Consumer Cost)	Credits to Pharmacies[4]
Non-Users	81,346	—	$ —	$ —	$ —	$ —
$ 0.00 - 10.00	103,250[5]	387,465	3,234,399	4,672,611	510,393	5,183,004
10.01 - 20.00	76,238	349,199	3,083,771	3,665,770	1,168,046	4,833,817
20.01 - 30.00	41,863	312,989	3,006,385	3,490,995	1,065,803	4,556,798
30.01 - 40.00	44,178	430,422	4,220,336	4,830,590	1,553,712	6,384,302
40.01 - 50.00	24,150	309,128	3,022,070	3,466,528	1,091,057	4,557,585
50.01 - 60.00	24,868	373,638	3,684,560	4,199,538	1,365,376	5,564,914
60.01 - 70.00	14,033	254,720	2,538,673	2,893,797	911,993	3,805,790
70.01 - 80.00	15,265	310,652	3,147,885	3,573,166	1,142,239	4,715,406
80.01 - 90.00	9,352	218,055	2,233,643	2,533,367	793,869	3,327,235
90.01 - 100.00	10,603	269,527	2,814,503	3,176,450	1,003,767	4,180,218
100.01 - 150.00	26,906	875,771	9,408,553	10,576,661	3,264,433	13,841,093
150.01 - 200.00	12,966	585,971	6,419,635	7,190,242	2,216,177	9,406,418
200.01 - 300.00	8,549	535,121	6,009,727	6,707,390	2,031,605	8,738,996
300.01 - 400.00	1,917	169,255	1,939,662	2,157,821	647,556	2,805,376
400.01 - 500.00	366	41,899	507,134	561,182	161,009	722,191
500.01 and over	147	21,790	245,517	273,394	84,399	357,793
	495,997	5,445,602	$55,516,453	$63,969,502	$19,011,434	$82,980,936

[1] These figures are based on the declared prescription charges of each pharmacy.

[2] Total number of eligible families derived from the Saskatchewan Hospital Services Covered Population Report, 1985.

[3] Excludes Inventory Cost Allowance.

[4] The sum of Drug Plan Payments plus Total Family Payments (see footnote 1 above). Excludes Inventory Cost Allowance.

[5] Includes non-standard beneficiaries receiving prescriptions without charge.

Table III
Prescription Drug Use by Age and Sex of Beneficiary

Age of Beneficiary	Eligible Population[1]	Active Beneficiaries[2]	Number of Prescriptions	Drug Material Cost	Drug Plan Payment[3]
Male					
0 - 4 years	41,025	34,625	133,224	$ 800,020	$ 1,032,271
5 - 14	76,598	45,304	136,355	1,173,434	1,396,190
15 - 24	88,079	48,695	161,212	1,356,077	1,627,058
25 - 34	87,692	49,630	196,227	1,912,636	2,232,949
35 - 44	57,995	35,020	188,895	2,064,064	2,370,925
45 - 54	44,441	28,759	226,714	2,702,040	3,057,374
55 - 64	44,443	31,441	360,529	4,430,634	4,990,300
65 - 74	34,920	27,153	403,111	4,637,832	5,196,411
75 - 84	17,522	15,310	270,352	2,810,124	3,195,284
85 and over	4,566	4,298	81,197	693,776	836,099
Male Total	497,281	320,235	2,157,816	$22,580,637	$25,934,861
Female					
0 - 4 years	39,137	32,146	114,830	$ 660,931	$ 863,031
5 - 14	73,150	45,284	134,200	1,048,953	1,272,873
15 - 24	83,550	71,154	384,816	4,167,196	4,788,077
25 - 34	82,814	68,141	396,149	4,243,931	4,852,700
35 - 44	55,676	41,432	278,662	2,826,852	3,261,532
45 - 54	43,524	33,442	329,797	3,427,429	3,935,217
55 - 64	45,754	36,597	479,547	5,126,386	5,848,367
65 - 74	39,507	33,697	574,976	6,041,495	6,836,564
75 - 84	21,654	20,171	419,442	4,026,352	4,652,470
85 and over	7,744	7,645	175,367	1,366,291	1,723,810
Female Total	492,510	389,709	3,287,786	$32,935,816	$38,034,641
Both Sexes					
0 - 4 years	80,162	66,771	248,054	$ 1,460,951	$ 1,895,302
5 - 14	149,748	90,588	270,555	2,222,387	2,669,063
15 - 24	171,629	119,849	546,028	5,523,273	6,415,135
25 - 34	170,506	117,771	592,376	6,156,567	7,085,649
35 - 44	113,671	76,452	467,557	4,890,916	5,632,457
45 - 54	87,965	62,201	556,511	6,129,469	6,992,591
55 - 64	90,197	68,038	840,076	9,557,020	10,838,667
65 - 74	74,427	60,850	978,087	10,679,327	12,032,975
75 - 84	39,176	35,481	689,794	6,836,476	7,847,754
85 and over	12,310	11,943	256,564	2,060,067	2,559,909
Grand Total	989,791	709,944	5,445,602	$55,516,453	$63,969,502

[1] Eligible population was derived from the Saskatchewan Hospital Services Plan Covered Population Report, 1985.

[2] Active beneficiaries are persons who received at least one prescription drug paid for by the Prescription Drug Plan. Beneficiaries are grouped in the age groups reflecting their age on the date the last prescription was dispensed.

[3] Includes drug material cost and dispensing fee subsidy plus the prescription charge subsidy for Special Beneficiaries and certain Saskatchewan Assistance Plan Beneficiaries. Excludes Inventory Cost Allowance.

Table IV
Prescription Drug Use by Type of Beneficiary

Type of Beneficiary	Active Beneficiaries[1]	Number of Prescriptions	Drug Plan Payment[2]
Standard Beneficiaries	661,208	4,944,936	$57,292,949
Saskatchewan Assistance Plan Recipients			
— Prescription Charge Subsidized (Plan One)	28,623	192,832	2,406,115
— Prescription Charge Fully Covered			
Special Drugs for Plan One	7,001	28,147	490,304
Dependents of Plan One to Age 18	19,306	61,312	724,386
Plans Two and Three	11,137	195,481	2,630,179
Special Beneficiaries			
— Paraplegics	769	13,337	243,703
— Cystic Fibrosis	101	1,729	38,252
— Chronic Renal Disease	222	7,822	143,402
— Other	1	6	212
Total	709,944	5,455,602	$63,969,502

[1] Total does not equal this column because a beneficiary may be covered in more than one category during the fiscal year.

[2] Excludes Inventory Cost Allowance.

Table V
Prescriptions by Pharmacologic — Therapeutic Classification

Pharmacologic — Therapeutic Classification[1]		Number of Prescriptions	Drug Material Cost	Drug Plan Payment[2]
8.00	Anti-Infectives	1,057,704	$ 6,317,712	$ 7,942,326
12:00	Autonomic Drugs	183,678	2,360,241	2,674,583
20:00	Blood Formation and Coagulation	15,818	115,835	138,477
24:00	Cardiovascular Drugs	1,026,401	11,641,689	13,090,313
28:00	Central Nervous System Drugs	1,247,820	14,243,908	16,290,614
36:00	Diagnostic Agents	35,980	649,396	708,121
40:00	Electrolytic, Caloric and Water Balance	363,702	2,651,124	3,203,612
48:00	Cough Preparations	191	7,029	7,781
52:00	Eye, Ear, Nose and Throat Preparations	199,432	1,853,294	2,149,637
56:00	Gastrointestinal Drugs	147,805	2,650,393	2,875,580
60:00	Gold Compounds	1,418	68,571	70,544
64:00	Metal Antagonists	3,368	104,635	109,351
68:00	Hormones and Substitutes	609,741	6,477,007	7,479,685
76:00	Oxytocics	391	1,112	1,716
84:00	Skin and Mucous Membrane Preparations	296,791	3,183,658	3,641,019
86:00	Spasmolytics	70,706	721,764	833,511
88:00	Vitamins	39,957	149,833	217,925
92:00	Unclassified	99,361	1,767,346	1,918,029
	Extemporaneous Preparations	45,338	551,906	616,678
Total		5,445,602	$55,516,453	$63,969,502

[1] The drug classification system used is that of the American Society of Hospital Pharmacists.

[2] Excludes Inventory Cost Allowance.

Table VI
Prescribers by Number of Prescriptions

Number of Prescriptions[1]	Number of Prescribers[2] Physicians	Dentists	Total
20 - 499	367	263	630
500 - 999	128	12	140
1,000 - 1,999	170	1	171
2,000 - 2,999	104	–	104
3,000 - 3,999	82	–	82
4,000 - 4,999	113	–	113
5,000 - 5,999	73	–	73
6,000 - 6,999	76	–	76
7,000 - 7,999	53	–	53
8,000 - 8,999	46	–	46
9,000 - 9,999	45	–	45
10,000 - 10,999	39	–	39
11,000 - 11,999	21	–	21
12,000 - 12,999	17	–	17
13,000 - 13,999	16	–	16
14,000 - 14,999	13	–	13
15,000 - 19,999	22	–	22
20,000 and over	4	–	4
Total	1,389	276	1,665

[1] Includes new and repeat prescriptions.

[2] Excludes physicians and dentists with fewer than 20 prescriptions during the fiscal year.

Table VII
Prescription Volumes by Number of Pharmacies

Number of Prescriptions	Number of Pharmacies 1985-86	1984-85
1 - 10,000	192	193
10,001 - 20,000	132	133
20,001 - 30,000	49	47
30,001 - 40,000	21	12
over 40,000	14	13
Total	398	398

Table VIII
Prescription Volumes by Pharmacy Location

Location of Pharmacy	Number of Pharmacies[1]	Number of Prescriptions	Drug Plan Payment[2]
Single Pharmacy Communities	85	900,195	$ 9,749,542
2 - 5 Pharmacy Communities	81	1,042,054	11,751,859
Communities With More Than 5 Pharmacies			
Melfort	6	66,267	777,696
Moose Jaw	15	282,168	3,116,394
North Battleford	7	126,458	1,551,623
Prince Albert	14	278,378	2,980,935
Regina	48	1,102,656	13,753,060
Saskatoon	63	1,064,715	13,458,382
Swift Current	7	163,647	1,978,336
Weyburn	8	122,171	1,496,989
Yorkton	10	160,714	1,870,814
Dispensing Doctors	20	90,342	968,967
Border Pharmacies	34	45,837	514,905
Total	398	5,445,602	$63,969,502

[1] Includes all pharmacies that received payment from the Prescription Drug Plan in the current fiscal year.

[2] Excludes Inventory Cost Allowance.

Table IX
Pharmacies by Type of Ownership

Type of Ownership	Pharmacies[1] Number	Pharmacies[1] Percent	Prescriptions Number	Prescriptions Percent	Drug Plan Payment Amount[3]	Drug Plan Payment Percent
Independent	283	71.1	3,558,437	65.3	$40,881,912	63.9
Chain[2]	66	16.6	1,384,977	25.4	16,981,436	26.5
Co-operatives	26	6.5	391,796	7.2	4,839,114	7.6
Dispensing Doctor	20	5.0	90,342	1.7	968,967	1.5
Hospital Outpatient	3	.8	20,050	.4	298,073	.5
Total	398	100.0	5,445,602	100.0	$63,969,502	100.0

[1] Includes all pharmacies that received payment from the Prescription Drug Plan in the current fiscal year.

[2] Defined as common ownership of four or more stores.

[3] Excludes Inventory Cost Allowance.

Table X
Dispensing Fees and Prescription Charges[1]

	March 31, 1986	March 31, 1985
Maximum dispensing fee	$5.30	$5.30
Average dispensing fee	$5.19	$5.15
Maximum prescription charge	$3.95	$3.95
Average prescription charge	$3.84	$3.88

Table XI
Prescription Drug Plan Payment for Oxygen by Type of Beneficiary

Type of Beneficiary	Active Beneficiaries	Oxygen	Delivery	Demurrage	Total Payment
Gaseous Oxygen					
– Standard Beneficiaries	1,123	$ 788,818	$ –	$ –	$ 788,818
– Saskatchewan Assistance Plan	64	109,125	2,546	2,017	113,688
– Special Beneficiaries	9	3,221	–	–	3,221
Gaseous Oxygen Total	1,189[1]	$ 901,164	$ 2,546	$ 2,017	$ 905,727
Liquid Oxygen					
– Standard Beneficiaries	64	$ 121,251	$ 9,582[2]	$ –	$ 130,833
– Saskatchewan Assistance Plan	11	39,146	9,940	16,822	65,908
– Special Beneficiaries	3	2,055	504	–	2,559
Liquid Oxygen Total	77[1]	$ 162,452	$20,026	$16,822	$ 199,300
Total	1,217[1]	$1,063,616	$22,572[3]	$18,839[3]	$1,105,027

[1] Total does not equal this column because a beneficiary may be covered in more than one category during the fiscal year.

[2] Transportation of master container to depot.

[3] Recoveries of delivery and demurrage from Medical Services Division and SAIL amounted to $35,876, reducing the total payment to $1,069,151.

Table XII
Oxygen Use by Age and Sex of Beneficiary

Litres of Oxygen	0-24	25-44	45-64	Age 65-74	75-84	85+	Total
Male							
1 - 10,000	11	9	51	121	102	34	328
10,001 - 20,000	0	0	18	37	27	6	88
20,001 - 30,000	2	1	9	22	27	5	66
30,001 - 40,000	2	0	6	17	9	3	37
40,001 - 50,000	0	0	4	15	13	2	34
50,001 - 75,000	0	2	9	21	18	1	51
75,001 - 100,000	2	1	3	8	10	0	24
100,001 - 125,000	0	1	6	6	4	1	18
125,001 - 150,000	0	0	3	9	8	3	23
150,001 - 175,000	0	0	4	4	2	1	11
175,001 - 200,000	0	1	1	6	6	1	15
200,001 - 225,000	0	0	2	5	0	0	7
225,001 - 250,000	0	0	2	6	2	1	11
250,001 and over	1	3	34	39	26	3	106
Male Total	18	18	152	316	254	61	819
Female							
1 - 10,000	9	7	34	39	55	26	170
10,001 - 20,000	1	2	15	14	13	6	51
20,001 - 30,000	1	1	7	9	4	3	25
30,001 - 40,000	1	0	2	8	7	0	18
40,001 - 50,000	0	0	1	2	2	1	6
50,001 - 75,000	0	1	3	5	4	1	14
75,001 - 100,000	1	0	4	3	1	2	11
100,001 - 125,000	2	0	5	2	2	1	12
125,001 - 150,000	0	0	6	3	2	0	11
150,001 - 175,000	0	0	1	2	0	0	3
175,001 - 200,000	0	0	1	2	1	0	4
200,001 - 225,000	0	1	1	1	0	0	3
225,001 - 250,000	0	1	2	0	1	1	5
250,001 and over	3	2	28	23	7	2	65
Female Total	18	15	110	113	99	43	398
Total	36	33	262	429	353	104	1,217

Table XIII
Drug Material Cost by Manufacturer

Manufacturer	Drug Material Cost 1985-86	1984-85
Abbott Laboratories Ltd.	$ 797,511	$ 754,522
Alcon Canada Inc.	145,043	128,041
Allen and Hanburys	2,178,747	1,841,381
Allergan Inc.	103,184	82,981
Ames Company	100,167	96,668
Apotex Inc.	1,000,138	998,824
Astra Pharmaceuticals Canada Ltd.	470,151	420,716
Ayerst Laboratories	3,456,722	2,692,711
Beecham Laboratories Inc.	12,417	14,201
Boehringer Ingelheim (Canada) Ltd.	599,666	525,985
Boehringer Mannheim (Canada) Ltd.	497,149	367,829
Bristol Laboratories of Canada	194,524	150,739
Burroughs Wellcome Inc.	609,314	464,784
Calmic Medical Division	218,218	229,572

Ciba Pharmaceuticals	1,201,371	1,049,182
Connaught Laboratories Ltd.	86,497	411,359
Connaught Novo Ltd.	812,134	403,168
Coopervision Inc.	28,498	26,082
Dupont Canada Inc.	154,194	120,912
Fisons Corporation Ltd.	1,057,662	859,967
Flint Laboratories of Canada	9,857	7,154
Frosst	2,426,301	2,178,506
Geigy Pharmaceuticals	2,067,630	1,649,931
Glaxo Laboratories	427 352	375,992
Hoechst Canada Inc.	493,112	373,603
Hoffmann-LaRoche Ltd.	672,027	621,057
Frank W. Horner Inc.	146,851	310,303
ICI Pharma	482,256	144,131
ICN Canada Ltd.	467,406	337,551
Janssen Pharmaceutica Inc.	187,960	159,686
Jouveinal Laboratories Inc.	3,230	630
Kenral Inc.	24,881	118,865
K-Line Pharmaceuticals Ltd.	80,213	73,111
Knoll Pharmaceuticals Canada Inc.	285	–
Lederle Cyanamid Canada Inc.	251,777	207,381
Lee-Adams Laboratories	1,159	–
Lifescan Medical Products	29,477	9,663
Eli Lilly Canada Inc.	1,768,699	1,315,138
McNeil Pharmaceutical (Canada) Ltd.	492,308	357,621
Merck Sharp & Dohme Canada	4,080,986	3,562,975
Merrell Pharmaceuticals Inc.	501,070	374,682
Miles Pharmaceuticals	1,534,590	1,088,337
Nadeau Laboratory Ltd.	8,453	11,773
Nordic Laboratories Inc.	1,386,968	641,523
Novopharm Ltd.	2,424,960	2,112,102
Norwich-Eaton	417,501	338,217
Organon Canada Ltd./Ltee	59,396	55,482
Ortho Pharmaceutical (Canada) Ltd.	1,337,258	1,007,879
Parke-Davis Canada Inc.	1,230,451	858,321
Pennwalt Inc.	67,724	–
Pentagone Pharma Inc.	5,919	6,134
Pfizer Canada Inc.	2,834,150	2,928,869
Pharmacia (Canada) Inc.	76,.475	102,145
Pharmascience Inc.	74,495	33,244
Purdue Frederick Inc.	119,013	87,575
Reed & Carnrick	43,089	21,471
Rhone-Poulenc Pharma Inc.	1,352,497	1,001,486
Riker Canada Inc.	27,978	16,458
A. H. Robins Canada Inc.	177,123	129,515
Rorer Canada Inc.	83,821	68,251
Rougier Inc.	4,224	6,628
Roussel Canada Inc.	210,640	174,392
Sabex International (1980) Ltd.	579	261
Sandoz Canada Inc.	1,739,725	1,343,971
Schering Canada Inc.	656,818	548,499
G. D. Searle & Co. of Canada Ltd.	1,081,047	970,428
Smith Kline & French Canada Ltd.	2,121,299	2,058,181
Squibb Canada Inc.	1,357,170	1,047,704
Stanley Drug Products Ltd.	25,605	32,723
Stiefel Canada Inc.	50,674	36,399
Syncare Pharmaceutical Inc.	235,155	272,968
Syntex Inc.	1,107,795	1,104,481
Trans Canada Dermapeutics Ltd.	42,548	29,325
The Upjohn Company of Canada	1,328,152	1,338,030
USV Canada Inc.	35,960	72,027
Westwood Pharmaceuticals	69,601	58,974
Winthrop Laboratories	397,359	315,221
Wyeth Ltd.	2,900,191	2,615,360
Extemporaneous Preparations[1]	551,906	402,564
Total	$55,516,453	$46,754,522

[1] Extemporaneous Preparations are compounded by the pharmacist.

Saskatchewan Prescription Drug Fund

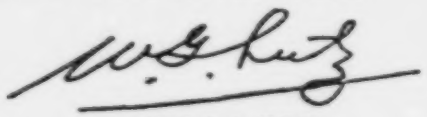
Financial Statements
Year Ended March 31, 1986

Auditor's Report

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the balance sheet of the Saskatchewan Prescription Drug Fund as at March 31, 1986 and the statement of revenue, expenditure and fund balance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan,
August 1, 1986

W. G. Lutz, F.C.A.,
Provincial Auditor.

Saskatchewan Prescription Drug Fund

Balance Sheet

Statement 1

As At March 31

	1986	1985
Assets		
Furniture and equipment (Note 4)	$ —	$ 49,254
	—	49,254
Liabilities and Equity		
Cash less outstanding cheques	$ 65,305	$ —
Equity:		
Equity in fixed assets (Note 4)	—	49,254
Fund Balance	(65,305)	—
	$ —	$ —

(See accompanying notes to the financial statements)

Saskatchewan Prescription Drug Fund

Statement of Revenue, Expenditure and Fund Balance

Statement 2

Year Ended March 31

	1986	1985
Operating Revenue:		
Grant — Department of Health	$67,606,000	$56,925,811
Other	25,705	188,221
	67,631,705	57,114,032
Operating Expenditure:		
Reimbursements		
Drug material costs	54,960,223	47,019,617
Special status drugs	1,554,740	1,053,594
Oxygen	1,069,151	881,690
Drug Cost Advances (Recoveries) (Note 6)	112,523	—
Dispensing fee subsidies	8,356,092	7,970,910
Inventory Cost Allowance	1,582,833	—
Other	35,743	—
	67,671,305	56,925,811
Operating surplus (deficit)	(39,600)	188,221
Administration Revenue:		
Grant — Department of Health	—	2,676,867
Other	—	40,109
	—	2,716,976
Administration Expenditure:		
Administration expenses	—	2,675,556
Acquisition of fixed assets	—	1,311
	—	2,676,867
Administration surplus	—	40,109
Surplus (deficit) for the year	(39,600)	228,330
Fund balance, beginning of year	—	—
Other revenue transferred to the Consolidated Fund	(25,705)	(228,330)
Fund balance, end of year	$ (65,305)	$ —

(See accompanying notes to the financial statements)

Notes to the Financial Statements

March 31, 1986

1. **Accounting Policies**

   a) Basis of Accounting

   The accounts of the Saskatchewan Prescription Drug Fund are maintained on a modified cash basis for a fiscal year commencing on April 1 and ending on March 31. Revenues are recorded as received and expenditures are charged to the accounts when payment is made. In addition, revenues received in April which apply to the preceding fiscal year are taken into revenue of the preceding fiscal year, and payments made during April which are for goods and services received in the preceding fiscal year are taken into expenditure of the preceding fiscal year. With respect to reimbursement of drug costs and subsidies, payments made during April related to drugs dispensed in the preceding fiscal year are only reflected as expenditures of the previous fiscal year to the extent that claims for payment were received by March 31.

   b) Grant — Department of Health

   Pursuant to The Prescription Drugs Act, moneys appropriated by the Legislature for the purpose of the Act are credited to the Fund. In addition, any surplus remaining from the appropriations received during the year is returned to the Consolidated Fund of the Province of Saskatchewan at the end of the year, reducing the reported amount of the grant. In determining the amount of the surplus, other revenues received, which are periodically transferred to the Consolidated Fund throughout the year, are excluded.

   c) Fixed Assets

   Fixed assets purchased prior to April 1, 1985 were charged as an expense against operations in the year of purchase and were not depreciated. To reflect accountability for fixed assets in the financial statements, they were recorded on the balance sheet at cost with a corresponding entry to "Equity in Fixed Assets". Disposals were reflected as a reduction in fixed assets and equity in fixed assets with any proceeds on sale recorded as miscellaneous revenue (See Note 4).

2. **Authority**

   The Saskatchewan Prescription Drug Fund, established under the authority of Section 8(1) of The Prescription Drugs Act, effective April 1, 1975, is used to account for a program established under that Act to provide assistance to residents of Saskatchewan in purchasing drugs they require for preventative, diagnostic or therapeutic purposes.

3. **Related Party Transactions**

   In accordance with established government policy, the Fund has not been charged with certain costs including occupancy, office services and personnel administration. These costs have been absorbed by various departmental appropriations and therefore no provision for such costs is reflected in these financial statements (See Note 4).

4. **Administration Costs**

   Effective April 1, 1985, responsibility for administration costs and for the existing fixed assets of the Fund was transferred to the Administrative Services Division of the Department of Health. Accordingly, no administration revenues and expenses are reflected in the Fund in the year ended March 31, 1986 and fixed assets are no longer reflected in the balance sheet for accountability purposes, effective with the 1985/86 year.

5. **Subsequent Payments**

   In accordance with the accounting policy described in Note 1a), reimbursements related to the period ended March 31, 1986 not reflected in these statements total $1,302,154 (1985 — $1,459,578). Included in the 1985 amount is a retroactive inventory cost allowance of $242,374, payable to pharmacies as a result of an agreement between the Department of Health and the Saskatchewan Pharmaceutical Association which was concluded in May, 1985 but which was retroactive to December 1, 1984.

6. **Drug Cost Advances (Recoveries)**

   In certain situations, the Fund advances payment for the cost of drugs on behalf of the Medical Services Division and the Saskatchewan Aids to Independent Living program of the Department of Health. The Department reimburses the Fund for these costs. If there is a balance unrecovered at year end, it is reflected as "advances." Receipt of this balance in the subsequent year is reflected as "recoveries."

7. **Comparative Figures**

   Certain comparative figures have been reclassified in order to conform with the current year's presentation.